

SEMESTER - 4

BUSINESS TAXATION [BLE-402]

INTRODUCTION

This course covers Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and indirect tax Laws such as the Sales Tax Act, 1990, and Federal Excise Act and Rules, 2005, as amended to date.

OBJECTIVES

To equip the students with an in-depth knowledge of direct and indirect tax laws applicable in Pakistan.

OUTCOMES

On completion of this course, students should be able to:

- identify and interpret principal types of taxation, such as direct taxes on individuals, income, business individuals, Association of persons, registered and unregistered firms

and companies, trading profit and capital gains, and indirect taxes such as sales tax, federal excise act and rules

- differentiate the features of the direct and indirect taxes,
- understand record-keeping, filing and tax payment requirements of principal types of taxation, relating to business,
- compute for recommendations to the management on issues pertaining to tax liabilities of company or firm, arising from income generation and capital gains,
- compute and advise on tax liabilities of individuals, arising from income receipts, capital gains, business or professions and other sources, and
- identify foreign tax obligations, situations and apply appropriate methods for relieving from such tax.

INDICATIVE GRID

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
A	INCOME TAX 1. Income Tax Ordinance, 2001 2. Income Tax Rules, 2002	65%
B	INDIRECT TAX 3. Sales Tax Act, 1990 4. Sales Tax Rules, 2006 5. Sales Tax Special Procedures Rules, 2007 6. Federal Excise Act and Rules, 2005	35%
TOTAL		100%

Note: The weightage shown against each section indicates, study time required for the topics in that section. This weightage does not necessarily specify the number of marks to be allocated to that section in the examination.

CONTENTS

PART - A

INCOME TAX

1. Income Tax Ordinance 2001

- Definitions
- Charge to tax
- Tax on taxable income (computation of income from salary, property, business, capital gains (as per Capital Gain Tax Ordinance 2012), other sources, exemptions, losses, deductible allowances, tax credits)
- Common rules (general, tax year, assets)
- Provisions governing persons (concept, individuals, AOP, companies)
- Special industries (insurance, oil & gas and other mineral deposits)
- International (geographical source of income, taxation of foreign source of income of residents, taxation of non-residents, double taxation)
- Anti-avoidance
- procedures (returns, assessments, appeals, collection and recovery of tax, payments and deductions, refunds, records and audit, penalty, offence and prosecutions, additional tax)
- Administration (general, transitional advance tax provisions, miscellaneous)
- Schedules (first schedule, second schedule, third schedule, sixth schedule, seventh schedule)
- Special provisions regarding depreciation
- Initial allowance

- Intangibles, pre-commencement expenses
- scientific research expenditures
- employees training and facilities
- profit on debt
- financial costs and lease payment
- bad debts
- provisioning regarding consumer loans
- profit on non-performing debts
- transfer to participating reserve and tax accounting
- Nature and areas of tax management
- deduction of tax at source
- Advance payment of tax
- Minimum tax
- importance of tax management while claiming allowance
- exemptions deductions and tax credits

2. Income Tax Rules, 2002

- Definitions related to the rules
- heads of income
- income of residents
- tax of non-residents
- transfer pricing
- records and books of accounts
- certificates
- advance tax collection or deduction
- payment
- statements of tax collected or deducted
- Income tax recovery rules
- Registration of income tax practitioners
- Recognized terminal benefits funds

PART - B**INDIRECT TAXES****3. The Sales Tax Act 1990**

- Chapter No. I, II, III, IV, V VII, VIII and IX of the Act, as amended up-to-date covering
 - Definitions
 - Scope and payment of tax
 - Registration
 - book-keeping and invoicing requirements
 - Returns
 - Offences and penalties
 - Appeals and recovery of arrears

4. The Sales Tax Rules 2006

- Definitions related to rules
- Registration
- compulsory registration
- de-registration
- filing of returns
- Credit and debit note
- Destruction of goods
- Apportionment of input tax
- Refund
- Supply of zero-rated goods to diplomats

- Diplomatic missions
- Privileged persons and privileged organizations
- Taxpayer's authorized representatives
- Alternative dispute resolution
- Special procedure for issuance of electronic sales tax invoices between buyers and sellers

5. Sales Tax Special Procedures Rules 2007

- Payment of Sales Tax by Retailers
- Providing or Rendering Services Subject to Tax under Provincial Laws
- Refund Claim by the Persons Engaged in Making Zero Rates, payment of Sales Tax by Importers
- Payment of Tax by Steel Melters and Ship Breakers, sales tax special procedure (withholding) Rules 2007.

6. Federal Excise Act and Rules, 2005

- Federal Excise Act, 2005. Sections 2 to 19, 31, & 33 to 39
- Federal Excise Rules, 2005. Rules 7 to 10, 15 to 17, & 32 to 34.
- Capital Value Tax: Section 7 of the Finance Act 1989 as amended up-to-date.
- Notifications, rules general orders and circulars, issued under the above-mentioned laws.

TEACHING METHODOLOGY: The faculty is advised to teach the topics in the mode of case studies based on problem solving and decision-making with practical approach.

RECOMMENDED BOOKS

CORE READINGS		
TITLE	AUTHOR	PUBLISHER
Complete Income Tax Law (Latest Edition)	Sheikh Asif Salam	S. A. Salam Publications, Lahore.
Federal Tax Laws of Pakistan	Huzaima Bukhari / Dr. Ikramul Haq	Lahore Law Publications.
Sales Tax, 1990	Tariq Najeeb Choudhry	Tariq Najeeb Corporation, Lahore.
Synopsis of Taxes in Pakistan	Mirza Munawar Hussain	IBP Publications, Lahore.
Websites of FBR, SRB etc.	Government of Pakistan	---